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Local Municipality • Maseru Water Services • Phospha Municipality

## **REPORT BY THE EXECUTIVE MAYOR FOR SUBMISSION TO COUNCIL**

### **ANNUAL BUDGET FOR 2020/21 TO 2022/23 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)**

#### **1. PURPOSE**

The purpose of the report is for Council to consider approval of the Annual Budget for 2020/21 financial year.

#### **2. BUSINESS PLAN**

IDP and Budget Process Plan

#### **3. COMPLIANCE WITH STRATEGIC OBJECTIVE**

To ensure compliance to budgetary processes

#### **4. DELEGATED AUTHORITY**

Delegated authority vests with Council.

#### **5. ANNEXURES**

Annexure A	Mayor's report
Annexure B	Budget summary document
Annexure C	Consolidated Budget A –Schedules
Annexure D	Parent Municipality's Budget A-Schedules
Annexure E	Maluti Water (Entity) Budget D-Schedules
Annexure F	Annual Tariffs
Annexure G	Annual Budget Related Policies
Annexure H	Treasury comments on the Draft Budget
Annexure I	Financial Management Strategy

#### **6. POLICY**

Budget Related Policies

#### **7. LEGAL REQUIREMENTS**

Municipal Finance Management Act No. 56 of 2003  
MFMA- Regulation Chapter 2

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## 8. BACKGROUND AND DISCUSSION

### In terms of Section 24 of the MFMA 2003:

- 1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- 2) An annual budget—
  - a) must be approved before the start of the budget year;
  - b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
  - c) must be approved together with the adoption of resolutions as may be necessary—
    - i) imposing any municipal tax for the budget year;
    - ii) setting any municipal tariffs for the budget year;
    - iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
    - iv) approving any changes to the municipality's integrated development plan; andapproving any changes to the municipality's budget-related policies.
- 3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury **within ten working days** after the council has approved the annual budget.

Furthermore Municipal Council should adopt funded and credible budgets. MFMA 18

- (1) States that an annual budget may only be funded from -
  - a) realistically anticipated revenues to be collected;
  - b) cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and
  - c) borrowed funds, but only for the capital budget
- (2) Revenue projections in the budget must be realistic, taking into account—
  - a) projected revenue for the current year based on collection levels to date; and
  - b) actual revenue collected in previous financial years.

## 9. FINANCIAL IMPLICATIONS

As reflected on the report.

## 10. STAFF IMPLICATIONS

None

## 11. COMMENTS FROM OTHER DIRECTORS

Budget inputs were received from departments.

## 12. RECOMMENDATIONS

It is recommended that Council adopts the Annual Budget and related supporting documents for the 2020/21 to 2022/23 Medium Term Revenue and Expenditure Framework as follows:

- 12.1. The proposed Consolidated Budget contained on the A1-Schedules attached as **Annexure C**.
- 12.2. The proposed Parent Municipality's Budget contained on the A1-Schedules attached as **Annexure D**.
- 12.3. The proposed Maluti Water (Entity) Budget contained on the D-Schedules attached as **Annexure E**.
- 12.4. The Tariffs for water, electricity, waste water management, waste management, the property rates and other services and facilities as on **Annexure F**.
- 12.5. The Budget Related Policies attached on **Annexure G**
- 12.6. The Finance Management Strategy attached on **Annexure I** and;

The Provincial Treasury comments on the Tabled Budget as reflected on **Annexure H**, be noted.

SUBMITTED BY:

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Cll. MM LAKAJE - MOSIA  
THE EXECUTIVE MAYOR

10/06/2020  
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DATE